



THE HOMETOWN BANK

Clyde Savings Shelby Savings Tryon Federal

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SUBMIT
DISSEMINATION BRANCH

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November 1, 2000

Manager, Dissemination Branch
Information Management and Services Division
Office Of Thrift Supervision
1700 G Street, NW
Washington DC 20552
Attn: Docket No. 2000-57

Ladies and Gentlemen:

This letter is in response to your request for comments concerning mutual savings associations, mutual holding company reorganizations, and conversions from mutual to stock form (No 2000-57). We are a \$600 million OTS-regulated mutual savings bank headquartered in Clyde, North Carolina and have followed your proposals with great interest. We applaud your concern for the 422 remaining OTS-regulated mutual institutions and agree that mutual institutions are the heart of the thrift industry.

The following is our response to specific areas and questions in your proposal:

1) Improved Supervision of Mutual Institutions

We support your proposal to revise the examination procedures for mutual institutions to enable examiners to more effectively gauge the overall financial condition of the institution and its ability to sustain long-term economic viability. Mutual institutions often have different goals and business objectives than stock institutions. We feel these goals can be evaluated more reasonably by enhancing the examination process as you discussed.

2) Making the Mutual Holding Company Form More Attractive

We support your proposed regulations to make the mutual holding company (MHC) structure more suitable as a long-term alternative to full conversion. Specifically, increasing the amount of shares permitted to be issued to management benefits and stock option plans will assist with this.

3) Making the Mutual Form More Attractive

We feel a specific way to improve the mutual form and its attractiveness as a long-term alternative is to increase (or remove) the commercial loan limits. At this point, institutions wishing to increase their capacity to serve the small business market segment and originate a meaningful portfolio of commercial loans must convert to a bank charter. By allowing OTS-regulated mutual institutions more flexibility in commercial lending, full conversions to bank charters would no longer be necessary.

4) Vote of members required for reorganization of MHC

We support your proposal not to require members to vote on reorganization of a mutual institution into a MHC or mid-tier form. Members do not lose any of their rights in these forms of reorganization. Thus, the time and expense of a member vote could be avoided in these situations. If the institution later does a full conversion, then a member vote should be required.

A HOMETOWN BANKING PARTNERSHIP

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5) Separation of Stock Conversion Proposals and Mutual Form Proposals

We also recommend that you consider separating your proposals regarding stock conversions from the proposals related to mutual institutions and MHC's. We feel the issues related to enhancing the mutual form and MHC's are less contentious and should not be held captive with the stock conversion proposals should they become controversial. Thus, the proposals regarding the mutual form and MHC's could be completed and issued before the final regulations regarding full stock conversion.

Again, thank you for your concern regarding the future of mutual institutions. We appreciate your proposals and the opportunity to respond. Should you have any questions or need additional information regarding our response, feel free to call me at 828-259-3939, ext. 1357.

Sincerely,

A handwritten signature in black ink, appearing to read "Dana L. Stonestreet". The signature is fluid and cursive, with a large, sweeping loop at the end.

Dana. L. Stonestreet
Sr. Vice President/CFO